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CONSTRUCTION DEVELOPMENT BOARD
ROYAL GOVERNMENT OF BHUTAN
THIMPHU : BHUTAN

“Construction quality: through professionalization and technology”

Date: 18th June 2018

FOREWORD

The Construction Development Board is entrusted with the mandate to oversee and regulate the Construction Industry in the light of the expanding activities of the Sector. Bestowed with the important responsibilities, CDB has made number of interventions geared towards fostering and improving the Construction Sector. Despite such interventions, the growth of the Sector is confronted with lot of challenges.

Further, with the growing number of Contractors, construction works in the country are believed to be plagued with array of issues like time and cost overrun attributing to defective and substandard quality works. In the Financial Year 2016 - 2017, about 64.53% of construction works that constitutes of 464 works failed to complete on time resulting to 81.39% cost overrun of 585 construction works. Whilst those barriers stretch across multiple sector and addressing them could lead to a significant pickup and propel the Construction Industry.

It is therefore, expedient to take apt measures and CDB recognizes that unless the stringent and systematic Monitoring is carried out in all the public construction sites across Ministries, Dzongkhags, Thromdes and other procuring Agencies, the multi facet issues cannot be addressed. It is in this spirit that the **MONITORING GUIDELINE** was developed to supervise and regulate the construction process and the resources committed by the contractors during the submission of their bids and CDB registration.

Thus, in consonance with CDB Manual 2007 and further in effort of enhancing professionalism and building the vitality of Construction Industry, the Monitoring Guideline is formulated as the success of construction sector is determined by the level of efficiency, productivity, quality and professionalism which is directly related to the credibility of regulatory action like stringent Monitoring and supervision.

Towards this, the Construction Development Board hereby adopts **Monitoring Guideline 2018** on 18th June 2018.

Tashi Delek!

(DORJI CHODEN)
Chairperson, CDB
Ministry of Works and Human Settlement

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INTRODUCTION

Construction Development Board (CDB) was established in 1987 as an independent interagency representative organization of the Royal Government of Bhutan with mandate to act as promoter and overseer of the construction industry and to develop an efficient & quality based construction industry. The Procurement/ Financial Manual empowers CDB to formulate its own working procedures for the administration of the construction industry related activities. Over the past decade, CDB has put in place various developmental system with timely reviews & reforms as necessitated with the changing of time including policy & programs geared towards private construction sector development.

As an overseer of the construction industry, CDB has the challenge to address the multi-faced concern of the construction industry and the construction firms which are complex and often cross sectoral issues. Implementation fall short of commitments because of which we are not able to build infrastructure of expected quality, time and cost. To quote some of the issues:

- **Noncompliance of registration requirement by the Construction Firms (hereinafter referred as 'the registered firms')**

CDB registers and classifies construction firms into different class and categories as per the registration criteria set in the manual.

During the monitoring of office establishment of Large and Medium firms in the years 2015-16 it was found that 70% of the construction firms did not comply with the registration requirements set by CDB.

- **Noncompliance to the contract documents by both the registered firms and the procuring agencies:**

The New Point Base system and the evaluation guideline is designed to select and award the work to the firm most suited to perform the work. The selection parameters are very much suitable for a country like ours where the firm is selected on her/his capacity and capability. The system is also flexible enough to encourage young construction firm's participation. Additional incentives are given to those firms who commit to employ VTIs/national labors and internships.

Though the system was created with best interest to select the most suited construction firm, no central agency is in place to monitor committed resources deployed at the site. Many firms try to find loopholes in the system

for individual benefit.eg: i) Many firms incorporate their CDB certificate to gain incentives (4points) during evaluation rather than to develop the professionalism of the firm. ii) Commitment for employments of national skilled labors and internships are only in papers.

We have Standard Bidding Document (SBD) to bind the construction firms and procuring agency to keep the time, cost and quality of the project as the forefront goal but the numbers of project running in delays and cost overrun suggests that there is a fault during the execution of the project.

Average Performance Score (APS) is given/rated by procuring agency to the construction firm based on firm's capacity to perform the given work in time and with quality. APS becomes an important parameter during the selection process of a work. The study has shown that APS guideline is not uniformly followed by the procuring agencies.

From all these observation and explanation, it is evident that CDB being an overseer of the Construction industry should monitor the compliance of construction firms to their registration requirements and the ongoing works to ensure all procuring agency and construction firms are complying with contract document uniformly. Further, there are enough provision in the CDB Manual 2007 that empowers CDB to monitor the construction industry.

OBJECTIVES

The objectives of monitoring are as follows:

- a. To ensure genuine construction firms equal and fair access to award of work;
- b. To ensure deployment of the resources committed in the contract document at the construction site;
- c. To ensure implementation of proper technical procedure and construction management processes; and
- d. Curb fronting, unauthorized sub-contracting and other malpractices in Construction industry.

SCOPE

- a. Monitoring team shall check the compliance to the terms and conditions agreed during the registration/re-registration by registered firms and construction professionals registered;
- b. CDB shall monitor the office establishment of registered firms;
- c. Monitoring team shall monitor any public works carried out by the register firms to check the compliance of contract document; and
- d. Monitoring team shall monitor private works executed by registered firms upon the request from the firm.

CHAPTER - 1: MONITORING PROCESS

1.1 Office Establishment Monitoring:

In consonance with Clause 5.2, Table no. 3 of The Registration Guideline 2018 and Terms and Condition of the CDB Registration Certificate, following will be the process to monitor the compliance of registered firms:

- 1.1.1. Collect information of registered firms amongst others, the Class, Category, Human Resource from CDB Database and plan the visit;
- 1.1.2. Inform the concerned registered firms/CAB representative in respective dzongkhags regarding the visit;
- 1.1.3. Visit and verify the office establishment and other requirement as per the checklist prescribed Annexure - 1;
- 1.1.4. Compile the office establishment monitoring report and submit to the Monitoring Committee;
- 1.1.5. Take action as per Chapter 2, clause 2.1 of this guideline against the defaulting registered firms;
- 1.1.6. Notify the action taken vide Action taken report to the concerned registered firm and the Dzongkhags/Thromdes where the registered firm is established;
- 1.1.7. Publish the list in CDB website and print media where necessary; and
- 1.1.8. Record the actions taken in the firm's profile in the 'comments column' of CDB database.

1.2 Monitoring of Ongoing construction work:

Following will be the process to monitor the ongoing construction work executed by the firm:

- 1.2.1. Collect information of works from CDB Data base;
- 1.2.2. Coordinate with the concerned procuring agency and plan the visit;
- 1.2.3. Visit the construction site along with concerned site engineer;
- 1.2.4. Verify the committed resources and other requirements as per the contract document and checklist prescribed in Annexure - 2;
- 1.2.5. Compile site monitoring report and submit to the Monitoring

Committee;

- 1.2.6. Notify to the concerned procuring agencies regarding the monitoring findings;
- 1.2.7. Share the findings with Construction Services Division or other relevant Divisions/Sections in Construction Development Board; and
- 1.1.8. Publish monitoring findings in the annual Construction Development Board report and share with the relevant authorities.

1.3 Monitoring of Private project executed by registered firm:

A registered firm undertaking private construction works who wish to update their turnover, similar work experience and performance score shall follow the following procedures:

- 1.3.1. Registered firm shall apply to Construction Development Board in writing along with documents including Work order, Agreement, drawings and any other evidences as required within 3 months of the commencement of the work;
- 1.3.2. Verify the committed resources and other requirements as per the contract document and checklist as prescribed in Annexure - 3;
- 1.3.3. Compile site monitoring report and submit to the Monitoring Committee;
- 1.3.4. Update the work in CDB database against the firm;
- 1.3.5. Visit the private construction site from time to time;
- 1.3.6. Give Performance Score three times during the execution of the work jointly with the owner of the private construction work; and
- 1.3.7. Update the work status after completion of work.

CHAPTER - 2 : ADMINISTRATIVE ACTION & CONSEQUENCES

2.1 Administrative actions to be taken:

Following will be action taken to the defaulting construction firms:

- 2.1.1. Registered firms not having office establishment shall be suspended for a period of three months;
- 2.1.2. Registered firms not fulfilling the minimum human resource requirements shall be downgraded to lower class for a period of six months;
- 2.1.3. Registered firms not having office signboard shall be notified for compliance within 7 days from the date of notification or otherwise the registered firm shall be suspended for three months;
- 2.1.4. When the monitoring officials are unable to communicate vide telephone/mobile during the monitoring with the registered firm, the registered firm shall be:
 - 2.1.4.1. Suspended until the firm approaches the CDB office with justification;
 - 2.1.4.2. Notwithstanding Clause 2.1.5. of this guideline, notify through email, SMS, CDB website and where necessary in print media and Construction Association of Bhutan to report to CDB office;
- 2.1.5. Suspend for three months for change of location of registered firm without updating in CDB database after providing 7 days time to update the change in CDB database.

2.2 Following will be the consequences of Suspension:

- 2.2.1. The registered firm shall not be allowed to avail any services provided by CDB;
- 2.2.2. The registered firm shall remain suspended until reinstated by CDB; and
- 2.2.3. Late fee shall not be imposed for the suspended period if the registered firm's re-registration and grace period falls during suspension period. Grace period of 1 month after the suspension period shall be given to the registered firm for lifting suspension and re-registration. Late fee will be imposed after the grace period.

2.3 Following will be the Consequences of down-gradation:

- 2.3.1. If re-registration falls during down-gradation period, registered firms shall renew their CDB Certificate in the downgraded category; and
- 2.3.2. The registered firm may upgrade in any category except in the category the firm has been downgraded during the down-gradation period.

2.4 Lifting of Suspension and Up-grading :

Once the firm has been suspended or downgraded for non-compliance to this guideline, such registered firm shall comply following process:

2.4.1. Lifting of suspension:

- 2.4.1.1. The registered firm shall write to the head of the Agency after completion of suspension period and upon fulfillment of requirements for which the registered firm was suspended;
- 2.4.1.2. CDB or competent authority from Dzongkhag/Thromde shall monitor the firm's office;
- 2.4.1.3. Report the monitoring detail to the Chairperson of Monitoring Committee;
- 2.4.1.4. Lift the suspension by monitoring team as directed by the Chairperson of Monitoring Committee; and
- 2.4.1.5. Inform the registered firm and accordingly update in the CDB database.

2.4.2. Upgrade through registration procedure :

A firm is allowed to upgrade the downgraded category after completion of down-gradation period or fulfillment of required resources whichever is later. The firm shall follow registration procedure to upgrade as provided in Registration Guideline 2018.

CHAPTER - 3 : MONITORING COMMITTEE

- 3.1 The Monitoring Committee will consist of the following:**
- a. Director, as a Chairperson
 - b. Chief, Construction Regulatory Division, Member
 - c. Chief, Construction Services Division, Member
 - d. Legal officer, Member
 - e. ICT Head, Member
 - f. Monitoring head, as a Member Secretary
- 3.2 The Chairperson may increase, decrease, replace and appoint the members of the committee upon approval of chairperson of CDB;
- 3.3 The decisions required by Clause 1.1.5, 1.2.6, 1.3.4 of this guideline and the decisions on administrative actions required by this guideline shall be made by simple majority;
- 3.4 The Chairperson of the Committee may or otherwise change the committee member from time to time;
- 3.5 The committee shall comply with the Terms of Reference of Monitoring Committee formulated hereunder; and
- 3.6 The committee shall comply by this guideline.

CHAPTER - 4: MISCELLANEOUS

4.1 Amendment:

- 1) The Construction Development Board may amend this Guidelines from time to time.
- 2) Such a revision is effective as of the date of adoption thereof by the Construction Development Board and applies to any matter, which is a subject of this Guidelines and which has arisen after such date.

Definition :

As used in this Guideline, the following terms have the following meanings:

“Construction Industry” means the industry dealing with Construction Works and Consultancy Services;

“Construction Professionals” includes Construction Professionals and, whether working in public or private sector –

- a) architects;
- b) engineers in all disciplines; and
- c) special trade professionals, including graduates of the Training Institutes related to construction;

“Certificate” means the certificate of registration of Contractors, Consultants or Construction Professionals, as the case may be;

“Unauthorized sub-contracting” means any sub-contracting works without approval of procuring agency tendering out the work;

“Registered firms” means construction/consultancy firms registered with Construction Development Board;

“CAB” means Construction Association of Bhutan

“Site engineer” means engineer of the procuring agency assigned for a particular construction site;

“Down-gradation” means down-grading a construction firm from a higher to lower class;

“De-Register” means de-registering a construction firm from registered services, and

“Private construction work” means any construction work carried out for the use of individual or group of people.



OFFICE VERIFICATION CHECKLIST

FOR LARGE & MEDIUM CLASS CONTRACTORS

Annexure - 1

A. GENERAL INFORMATION :

Name of the Firm : _____
 CDB No. : _____ Validity : _____
 Contact No. : _____
 Classification : L M
 Office establishment : Yes No
 Office Sign board : Yes No
 Proper Filing system : Yes No
 Location changed : Yes No If Yes, Which place to which : _____
 Dzongkhag/Location/Building No. if any: _____

B. PERMANENT EMPLOYEES FOR LARGE AND MEDIUM CLASS CONTRACTOR:

Category	Registered Class	Criteria	Large			Medium		
			W1 & W3	W4		W1 & W3	W4	
W1		Manager	1			1		
W3		Engineer (Graduate)	1 (C)		1 (E)	-		-
		Engineer (Diploma)	1 (C)		1 (E)	1(C)		-
			1 (C)					
W4		Accountant	1			-		-
		Site supervisor	1 (C)		1 (E)	1(C)		1(E)
			1 (C)		1 (E)			

Does the firm fulfils the required Human Resources: YES NO

GENERAL REMARKS:

I hereby agreed & confirmed that the above information provided by me to the Monitoring Team is true to the best of my knowledge.

1. Name of Proprietor/Representative/CAB Representative : _____

2. Company Seal & signature : _____

1. Name & Signature of Monitoring official : _____

2. Name & Signature of Monitoring official : _____

Date of inspection: ____/____/____



SITE INSPECTION CHECKLIST FOR ON-GOING CONSTRUCTION WORKS

Annexure- 2

1. Name of the Firm : _____
2. CDB Reg. No. : _____
3. Class : Large Medium Small
4. Name of the Work : _____
5. Location/Place : _____
6. Name of the Procuring Agency : _____
7. Dzongkhag : _____
8. Start date of work : _____
9. Proposed completion date : _____
10. Name of the Govt. site Engineer : _____
11. Tick status of work progress at site :

On Schedule	Time over-run	Remarks

12. Office set up at site : Yes No
13. Erection of sign board at site : Yes No
14. BoQ available at site : Yes No
15. SBD & approved drawing available at site : Yes No
16. Site order book available at site : Yes No
17. Hindrance register available at site : Yes No
18. Store constructed at site : Yes No
19. Labour camp constructed at site : Yes No
20. Sanitation facilities provided at site : Yes No



SITE INSPECTION CHECKLIST FOR ON-GOING CONSTRUCTION WORKS

Annexure- 2

21. Work plan available at site : Yes No
22. MB available at site : Yes No
23. Construction Journal available at site : Yes No.
24. Quality assurance plan available at site : Yes No
25. Any test report available at site : Yes No

If yes, List down the test report : _____

26. APS maintained by Government Engineer : Yes No

If yes, _____

27. Any local bricks used at site : Yes No

If yes, brought from: _____

28. OHS facilities provided at site : Yes No

If yes, name: _____

29. Total No. of National labours available at site : _____Nos.

30. Total No. of non-National labours available at site : _____Nos.

31. No. of interns available at construction site : _____Nos.

32. No. of VTI graduate available at construction site : _____Nos.



SITE INSPECTION CHECKLIST FOR ON-GOING CONSTRUCTION WORKS

Annexure- 2

29. HUMAN RESOURCE :

List of committed Human Resource with CID No. <i>(From e-tool)</i>	List down Human Resources Physically available at construction site with CID No.	Remarks

30. EQUIPMENTS :

List of committed Equipments with registration No. <i>(From e-tool)</i>	List down Equipment Physically available at Construction site with registration No.	Remarks



SITE INSPECTION CHECKLIST FOR ON-GOING CONSTRUCTION WORKS

Annexure- 2

1. NAME & SIGNATURE OF CONTRACTOR/REPRESENTATIVE

2. NAME & SIGNATURE OF GOVERNMENT SITE ENGINEER

Monitoring Team:

1. Name & Signature : _____

2. Name & Signature : _____

Date of Inspection : ___/___/___



SITE INSPECTION CHECKLIST FOR PRIVATE WORKS

Annexure 3

1. Name of the Firm : _____
2. CDB No. : _____
3. Validity of CDB Certificate : Yes No
4. If No, date of expiry : _____
5. Class : Large Medium Small
6. Name of the Work : _____
7. Location/Place : _____
8. Name of the Procuring Agency : _____
9. Dzongkhag of work place : _____
10. Work progress during monitoring: _____
11. Contract value during award of work : _____
12. Contract period : _____
13. Contract award date : _____
14. Contract completion date : _____
15. Contract extension if any : Yes No
If Yes, From : _____ To : _____
Provide evidence/documents for extension: _____
16. Final Contract value on completion of works : _____
17. Office set up at site : Yes No
18. Erection of sign board at site : Yes No
19. Const. of store at site : Yes No
20. Contract document available at site : Yes No
21. Project insured : Yes No
22. Project executed by joint venture (JV) : Yes No
If Yes, provide details : _____
23. Project has work plan : Yes No



SITE INSPECTION CHECKLIST FOR PRIVATE WORKS

Annexure 3

24. Camp provided to the workers : Yes No
25. Power supply provided to the workers : Yes No
26. Sanitary facilities provided to the workers : Yes No
27. Drinking water supply provided to the workers : Yes No
28. OHS facilities provided to the workers : Yes No

If Yes, what are the OHS facilities provided at site : _____

29. Human resources details.

Engineer. _____

Site supervisor. _____

Others _____

Remarks if any :

1. NAME & SIGNATURE OF CONTRACTOR/REPRESENTATIVE

Monitoring Team:

1. Name & Signature : _____

2. Name & Signature : _____

3. Name & Signature : _____

Date of inspection: ___/___/___